

# **Medicaid Reform Overview** (House Bill 5420)

## ***Improving Efficiency and Care...***

- Moves more long-term care patients out of big institutions and into small community homes, where they can lead more normal lives.
- Requires at least 50% of Medicaid patients have coordinated care by 2015. Coordinated care means patients have ONE doctor making decisions and someone keeping track of all the care they receive.
- Creates new computer systems to track Medicaid eligibility, enrollment, and re-enrollment and other new systems to streamline Medicaid processes and make the system more user-friendly.
- Allows more state agencies to share information to verify eligibility and enrollment.

## ***Fighting Fraud...***

- Allows data sharing across state agencies, making it easier to identify fraud and ensure only Illinois residents receive Medicaid assistance.
- Requires one month of income verification to make sure only the truly needy can enroll in Medicaid.
- Eliminates automatic re-enrollment to require people to take more responsibility for their own medical care.
- Eliminates presumptive eligibility, except for pregnant women.
- Reforms ALL KIDS, creating a residency requirement and an income limit.
- Allows the Department of Healthcare and Family Services (HFS) to pursue more fraud cases and assess higher fines for violations.

## ***Cutting Costs...***

- Moves more long-term care patients from institutional care to community care. Institutional care costs 3 times as much as community care.
- Cuts interest payments by requiring the state to pay medical bills on time.
- Changes eligibility rules to reduce fraud, abuse, and wasteful spending.
- Moves more Medicaid patients to coordinated care, with primary physicians and electronic records sharing, cutting costs and improving care.
- Sets new limits on ALL KIDS.
- Reforms pharmacy policies.
- Allows the State to more actively pursue recovering money lost to fraud.

Long-Term Expected Savings: More than \$770 million over 5 years.

Fiscal Year 2012 Savings: \$65.3 million.

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## **How it works...**

### ***Long-Term Care***

- Allows the governor to reallocate money from institutional care to community care without approval from the General Assembly.
- Creates a global budget to track how all long-term care funding is spent across programs, agencies, and age groups.

### ***Late Payments***

- Phases out a longstanding practice of paying some of last year's medical bills with this year's money over the next 10 years.

### ***Data Sharing***

- Allows HFS to collect data from other state agencies, including the Department of Revenue, the Department of Employment Security, and the Secretary of State to determine residency and Medicaid eligibility.

### ***Eligibility Changes***

- Requires Medicaid applicants to prove one month's income, effective July 1, 2011. Current enrollees will have to verify their income once per year.
- Requires all Medicaid applicants and enrollees to prove they are Illinois residents, effective July 1, 2011.
- Ends presumptive eligibility, where the state automatically enrolls certain people. Pregnant women are exempted.
- Creates a 2-year moratorium on eligibility expansions.

### ***Coordinated Care***

- At least 50% of Medicaid enrollees must have coordinated care by 2015.
- The State will pay for performance-related outcomes, the use of best practices, and the use of medical homes, and the use of electronic medical records.

### ***ALL KIDS Reform***

- Requires ALL KIDS applicants to be residents of Illinois and an income at or below 300% of the federal poverty level.

### ***Pharmacy Reform***

- Allows HFS to seek permission from the federal government to allow pharmacies to refuse service to Medicaid enrollees who won't make very modest copayments on non-generic medicine.
- Allows the State to pay 1% interest on past-due pharmacy bills rather than the current 2% rate.
- Allows pharmacies to provide 90-day supplies of certain non-narcotic medicines.

### ***Health Information Systems***

- Creates a new Eligibility, Verification, and Enrollment system to reduce fraud and streamline the process.
- Creates a healthcare exchange required by federal law by 2014.
- Creates the Illinois Framework Project, which will provide easier access to state services online.
- Upgrades the outdated Medicaid Management Information System.
- All of these upgrades are eligible for a 90% federal funding match.

### ***Fraudulent Payment Recovery***

- Allows HFS to try to recover payments lost to fraud and charge 5% interest to the offending party through a new hearing process.
- Creates a civil penalty of \$2,000 for Medicaid fraud.